to Coony & Decker

CALIFORNIA ASSOCIAT ON OF PUBLIC HOSPITALS AND HEALTH SYSTEMS

March 13, 2009

The Honorable Bill Lockyer
Treasurer
State of California
915 Capitol Mall, Ste. 110
Sacramento, CA 95814

Attn: Steve Coony, Chief Dep ıty Treasurer
John Decker, Executive Director, California Debt & Investment Advisory Commission

RE: Federal Legislation/Budg t Trigger

Dear Treasurer Lockyer,

On behalf of the California As ociation of Public Hospitals and Health Systems (CAPH) and the millions of patients they serve I am writing regarding the trigger provision in the budget. Public hospital systems represent the ore of the health care safety net in California, with significant experience in treating Medi-C l recipients and uninsured patients. Though just six percent of all hospitals statewide, public hos itals provide nearly half of the hospital care to the state's 6.5 million uninsured. They oper e more than half of all top-level trauma centers and almost half of all burn units. Public hospital also deliver 10 million outpatient visits a year. Their medical education programs train 43% of all new doctors in California.

We understand that your offic is working on the budget's $10 billion "trigger" provision which provides that, if the California Treasurer and Director of Finance provide notice that the trigger has been satisfied, certain sper ding cuts will be restored and planned tax increases will be reduced. If the trigger is not n et, public hospital systems would stand to lose $54 million in Safety Net Care Pool funding or services to the uninsured.

Preliminary reports and data c mpiled on the Treasurer's website have suggested the Treasurer is focused primarily on federal f nds made available to California as a result of the Obama administration's "stimulus pac age", the American Recovery and Reinvestment Act of 2009 (ARRA). The Treasurer and I irector of Finance are directed to determine "whether *federal legislation* has been enacted th it would make available… additional federal funds." This language is not limited to just he recent stimulus package, but includes all relevant federal legislation. We believe that fu ids made available from other federal legislation, such as the Children's Health Insurance P ogram Reauthorization Act (CHIPRA), should also be considered. Like ARRA, CHIPRA was sig ed into law shortly before the passage of the California's budget.

CHIPRA reauthorized the Chi dren's Health Insurance Plan (CHIP), which was set to expire on March 31, 2009. In additional to extending the program, it provided additional funding through 2013, and made various chang s to federal policy. Below are some examples of new funding

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provided by CHIPRA that we would urge be considered in determining whether the $10 billion trigger provision has been satisfied.

Increased CHIP Allotment for California: CHIPRA makes a substantial increase in the allotment of funds available to the program nationwide, and also reworks the formula for determining how much each state gets from this allotment. CHIPRA raises the nationwide allotment for CHIP from $5,000,000,000 to $10,562,000,000 for 2009, and allots $12,520,000,000 for 2010 where the program would have expired under prior law.

Legal Immigrant Children and Pregnant Women: CHIPRA provides an exception to existing law to remove the requirement of a 5 year waiting period before federal funds can be used to match state expenditures to cover legal immigrants. CHIPRA now allows matching funds to cover legal immigrant children and pregnant women. Since California previously had elected to cover these costs with State dollars, CHIPRA provides federal funds that will offset these expenses. CHIPRA also eases the burdens imposed by the Deficit Reduction Act for demonstrating citizenship, which should promote enrollment by legal immigrants in CHIP funded programs.

Increased Federal Match for Translation and Interpretation Services: CHIPRA provides for federal payments to be made for translation and interpretation services at a rate above the State's "enhanced FMAP", which is used for most payments under CHIP. This increase would shift a larger share of the cost of these services to the Federal government.

We urge you to look in depth at whether these funds should apply toward the trigger in order to prevent harmful cuts, including the reductions to the Safety Net Care Pool.

Support for California's public hospitals is more crucial now that at any time in recent or distant memory. The $54 million cut to the Safety Net Care Pool, a source of funds specifically provided to public hospitals to care for the uninsured, would be devastating. Given the economic crisis gripping our state, this is the worst time imaginable to be cutting these funds. Our public hospital systems are seeing hundreds of thousands of new patients – people who have lost their jobs and their health insurance and are finding their way to public hospitals for treatment, often for life-threatening illnesses such as cancer, kidney disease or diabetes. And as the unemployment rate has risen in California, so has the number of people seeking care at our public clinics and hospitals. Our public hospitals are doing what they are meant to do: serve as a safety net for Californians when they are at their most vulnerable. During this most serious economic crisis, California's essential public hospitals should be strengthened, not harmed.

Thank you for your consideration of these important issues.

Sincerely,

Melissa Stafford Jones

Melissa Stafford Jones
President and CEO

cc: Terri Thomas